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TAGS: [ECON](#) [ETRD](#) [BEXP](#) [AMGT](#) [ABUD](#) [BTIO](#) [EINV](#) [EN](#)

SUBJECT: TALLINN'S BFIF FY08 PROPOSAL

REF: A) 07 STATE 159597 B) 07 TALLINN 754

¶1. (U) Summary: Embassy Tallinn proposes one FY08 project for the Business Facilitation Incentive Fund (BFIF) to facilitate the participation of three leading U.S. science and technology parks in the international innovation conference 'Baltic Dynamics 2008.' This conference will take place in Tartu, Estonia September 3-5, 2008. It will bring together government, academic and corporate experts on high-tech research and development. Post is requesting a total of USD 9,999 in BFIF funds. End Summary.

A) Justification:

This proposal will support the Department's goals of investing in people, and promoting economic prosperity. It will raise the profile of U.S. research and development institutions at a prominent annual Baltic event which, for the last eleven years, has attracted hi-tech researchers predominantly from European countries. It will assist Estonia's economic goal of maintaining growth through innovation in key technology sectors. Lastly, it will further personal networks among leaders in a variety of hi-tech fields, with the aim of facilitating bilateral cooperation and investment in these fields.

Estonia Strives to Innovate -- the U.S. Can Help  
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After several years of ten percent or more annual GDP growth, Estonia's economic growth is slowing. GDP growth fell to 7 percent in 2007 and is projected lower in 2008. Government of Estonia (GOE) policy makers continue to discuss ways to increase Estonian productivity and sustain growth, including through the use of innovative and high-tech products. (Reftel B) The GOE established the Estonian Development Fund in April 2007, which is helping to fund innovative companies. It also recently opened an office of Estonia's trade promotion agency (Enterprise Estonia) in Silicon Valley.

Although Estonia has an investor-friendly market and is well-known for its advanced high-tech sector, it is still very difficult for small Estonian companies to attract attention in the United States. This is due in large part to the relatively small size of Estonia's market, fierce competition, and the need to develop good personal relationships in order to break into certain

high-tech sectors in Estonia. Bringing key players from the U.S. high-tech sector to Estonia will go a long way to facilitate development of these key relationships.

The Baltic Dynamics conference has been held annually since 1996 to promote the sharing of best practices among technology parks in Estonia, Latvia and Lithuania. The host of the conference rotates every year, and 2008 will be Estonia's turn as host. The 2007 conference was held in Riga, Latvia, and attracted participants from 33 countries, mostly from Europe. A key goal of this proposal would be to raise the profile of the U.S. at this event.

Research Triangle Park in North Carolina, the Silicon Valley U.S. Market Access Center, and the San Jose Bio-tech Center have confirmed their preliminary interest in participating in the Tartu innovation conference 'Baltic Dynamics 2008' from September 3-5, 2008. The host of this year's conference, Tallinn Technology Park 'Tehnopol', is a relatively new organization, and does not have the funds to offer to cover travel costs to attract participants. Therefore, Post is applying for a BFIF grant of 9,999 USD to fund travel and lodging for three U.S. participants to the conference. Tehnopol, in turn, will dedicate a portion of the conference program to the U.S. representatives for their presentations. In addition, for the first time in this annual conference, Tehnopol will arrange for corporate meetings in Tallinn and Tartu to introduce the U.S. technology parks to a variety of high-tech business leaders in Estonia.

The GOE, the City of Tallinn, and the Tallinn University of Technology established Tehnopol in 2003 to support knowledge-based innovative entrepreneurship and foster closer cooperation among higher education, the private sector, and research and development organizations. Tehnopol has approximately 51,000 square meters of rental space, 115 mature tenant companies (including Skype, the internet telephony leader owned by EBay), and 17 start-up companies. The expertise and shared mission of North Carolina's Research Triangle Park and the technology parks in San Jose would provide a valuable model for Estonia's efforts to forge a greater partnership between industry, government and academia. The Baltic Dynamics conference would also provide our U.S. participants with opportunities to identify promising Estonian start-ups that could work in the future with U.S. companies.

U.S. participants would arrive in Tallinn on September 1, and would have a full-day program at Tehnopol, including company meetings, on September 2. They would leave for Tartu September 2 to attend the conference September 3-5 and return to Tallinn September 5 in the evening.

The cost breakdown is as follows:

Airfare approximately 8,400 USD (2,800 USD per person U.S. government fare -- for three people)

Lodging 1,599 USD (533 USD per person for 2 nights lodging in Tallinn and 3 nights in Tartu -- for three people)

#### B) Planning Milestones:

March 2008: BFIF money is awarded.

April 2008: The names of the participants are determined; Post coordinates hotel and other logistic details.

September 2-5, 2008: conference

C) Performance Metrics: Success of the trip will be based on the level of U.S. participation, the number of company meetings held, and any partnerships or collaborative efforts between companies of the Estonian

and U.S. science parks originating from the conference.

D) Estimated Costs: Transportation: USD 8,400, Hotel:  
USD 1,599  
Total Requested: USD 9,999.

E) Point of Contact: Political/Economic Officer Robert  
Hollister, phone: +372-668-8107, fax: 372-668-8259,  
email: hollisterrm@state.gov.

F) Leveraging of Funding? Yes, Tehnopol will pay the  
costs related to the meetings on September 2, the cost  
of local transportation in Tallinn and to Tartu and  
back. Tehnopol will also pay all other expenses related  
to the conference in Tartu.

G) Outcome/Success Criteria? Yes, see paragraph C  
above.

H) Follow-up Strategy: Economic/Commercial/EU FSN will  
follow-up with the management of Tehnopol and the  
Enterprise Estonia office in Silicon Valley regularly to  
facilitate and track success stories. This proposal  
will also further Post's Mission Strategic Plan goal of  
fostering U.S.-Estonian partnerships in innovation-based  
industries (see also Ref B).

12. (U) Post thanks EEB/CBA for consideration of this  
proposal.

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